

LACK OF UNITY BAR TO GERMAN REVIVAL

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and toward legislative independence in industrial questions. Were the trend to develop to its logical termination it would weld Germany into a complete industrial unit and give her an industrial parliament where producer, consumer and labor fought out their measures and wrote them on the statute books without the political parliament exercising a veto. And Germany would not be dissimilar to the guild socialist state, in which the industries conduct all material affairs and politics deals not with government but with such spiritual interests as education and art. The difference would be that capital would not be eliminated, but that the new order would be created largely through capitalist endeavor.

This is not a theory which such men as Stinnes, Voegler, Rathenau and Kraemer are cooperating to realize, but the vista beyond the road where they happen to find themselves. So that Germany, where many expected socialism to be the next great governmental experiment, more likely is destined to try capitalistic syndicalism instead.

German industries were merging long before the war, but not cooperating with consumers and labor. The coal, steel and iron cartels were powerful, and the Stahlverband (steel league) of Duesseeldorf was absolute in its control of prices. Had the Germans won the war the Stahlverband would have insisted on the annexation of the Bréire basin, and during the war made no secret of this intention. But the league was wrecked when Hugo Stinnes served notice that he no longer would be bound by its decrees. And, excepting one organization for buying imported ores, not a league of the Stahlverband's power remains in any branch of German industry.

Stinnes began making mergers with the intention not of controlling the market but of coordinating interdependent branches. His entire thinking had always been in this direction. When as a boy of 20 he took over the management of his mother's coal mines he began buying up the power plants and shipping companies which lived from his mines. And he drove this policy through to its most important merger last autumn when he entered an "Interessen-Gemeinschaft" with the Siemens-Halske Electrical Company.

Scope of Great Merger.

This merger now owns coal mines, blast furnaces, steel plants, many special manufacturing, electrical machine works, street railway companies, shipbuilding concerns and one large coal selling company. It has a capital of 615,000,000 marks, employs 220,000 men, disposes of 15.8 per cent. of total Rhineland coal production and 13.1 per cent. of its coke. Within the merger power and raw materials are mined, refined and made into finished goods, representing a maximum of high priced labor.

No second merger of this scope exists in Germany or anywhere. But a similar one is reported to be near between Upper Silesian coal operators and the General Electric Company, and the Thyssen group, owning the "Gewerkschaft Deutscher Kaiser," one of the best mining properties in Germany, is also said to be ready to extend its influence beyond the steel mills and ship yards it already controls.

The merger next in importance to Stinnes's is the Klockner concern, with a capital of 135,000,000 marks, and a property of coal and iron ore mines, steel and rolling mills and a number of manufacturing. This merger in 1919 disposed of 2,300,000 tons of coal.

The third large group controlling power and raw material from mine to manufactory is the Stumm merger, owning an automobile factory and a ship yard, in addition to its coal deposits, rolling mills and steel plants. It has a capital of 123,000,000 marks. The Haniel group, with the Good Hope mine in Oberhausen, is linked with the large Augsburg-Nürnberg Machine Company, and the Roehling Coal Company has affiliated with the Bruderus Iron Company of Weitzlar.

Stinnes Idea Repudiated.

When German capitalists last autumn had to sit down with labor leaders to discuss socialization it was Stinnes who understood how to divert the attention of both labor and capital from a dry debate over a theory to a consideration of his own policy. To the labor leaders he said: "We will reorganize industry and you join it as profit sharers." If he had said merely, "You join us as profit sharers" he would not have succeeded. But his reorganization plans had a businesslike ring, and two of three labor representatives actually signed as a socialization report what was simply the Stinnes idea applied to all German industry.

They were promptly repudiated by their unions, and the socialization knot remains to be untangled.

But it shows how well the swarthy millionaire, with his gloomy, harassed face, his sad, black eyes and his almost disreputably baggy clothes, knew how to treat with the delegates of his men.

The Stinnes plan has not been adopted, and it may never be just as he proposes it. But it is a plan which merely tries consciously to fulfill what blindly is developing already—the union of industry on a basis of power. The Stinnes, Klockner, Stumm, Thyssen, Haniel and Roehling trusts are vertical, not horizontal. They do not try to eliminate competition, but to bring material freedom. They are not a grouping of kindred industries to control prices, but an insurance of power and materials to the manufacturer and of a sure market for power and materials to the miner and iron maker.

Stinnes's so-called "socialization" is merely the economical administration of fuel. The fuel is to be converted at the mine, so far as feasible, into power, and as such it is to be rationed out to industry. Industry itself determines the allotments, and each branch in each region the final apportionment. In the main, this is what Stinnes has achieved through his own private merger—he has guaranteed fuel to steel mills and factories and a market for his mines. And he is saying: "Do as I do; what is freedom and economy for me must be freedom and economy for us all."

To Electrify Industry.

The plan involves first the greater electrification of industry or a conversion to the use of liquid coal or both. This is a financial question, and capital to permit it is sure to be sought one day in New York, London and Paris. Possibly thirty large plants like the Golpa Electrical Works, lying in a lignite field and supplying half of Berlin's electricity, would be needed and could be erected in a few years.

It involves, furthermore, the solid organization of industry, not into voluntary leagues, but into complete amalgamations, where the men of an industry must set for themselves a standard of efficiency if they are to succeed in allotting their one most essential material to their own satisfaction. This is the beginning of the "industry-welded-together" or "Zusammengechlossene Industrie," so often referred to by economists like Georg Bernhard.

And it is only a step from this to an industry with mutual responsibility. Bernhard believes in the religion of the amalgamated industry, while Stinnes believes in its practicability. "The ego is the basis of business. Ignore the ego and you must fail," says Stinnes. Bernhard has an ethical justification for the plan. In a mutually

responsible industry, he argues, the very conception of property must change, and a man can exercise power through his property only if he uses this property in the social interest. In other words, he must make his capital produce. Not a parliament or a law court would deprive him of might, but his own colleagues, the men who know most about his business. If he could not manage well they would have to shut him out. They would have to, if they were to conserve the fuel allotted to the entire industry.

The present economic parliament (Reichswirtschaftsrat) is to be replaced this year by one carrying out a provision in the constitution, placed there to satisfy the demand of labor for some legislative body more akin to the soviet. The present body, with more than 400 members, has an equal representation of capital and labor, elected by employers' associations and labor unions, and representatives of consumers, municipalities and the national government.

Although it was the employees who originally demanded the parliament, it has proved to be a better institution for their employers. The internee war in labor ranks has been carried into its debates, and a solid labor vote has been impossible, while capital has managed to suppress its factional differences successfully.

Authorities of Parliament.

The parliament has the authority to initiate legislation and to discuss all industrial measures passed by the Reichstag. The Reichstag must vote on bills presented by the Reichswirtschaftsrat, but need not pass them, and the economic body has no veto over what the Reichstag determines.

At present the inclination among manufacturers and economists is to criticize the new parliament as unwieldy. The vital work is being done in committees, and a few individuals are gaining control, while the majority is consulted only about decisions, without being privileged to initiate policies.

Labor already wishes a larger representation and argues that a numerical equality between employers and employees does not actually express the power wielded by these two groups. Fault is also found in the weak representation of the consumers, who are protected only by municipal officials, by a few consumers' leagues and by retail associations, in addition to the delegates from the ministry of economics. But, inasmuch as price policies do not originate with the parliament, this is not regarded as a fatal defect.

Prices of basic materials are fixed by individual industrial organizations, the government having the final voice in certain branches. Coal prices are set by the coal parliament, in which both labor, represented on an equal footing, and the consumer have mem-

bership. The government may veto a price increase, and beyond this veto controls prices by the coal tax, which is assessed at the mine and included in the cost. Steel and iron prices, in a similar way, are fixed by the Eisenwirtschaftsbund (Iron Economic League), of which labor and consumer are integral parts. And so throughout industry, the price and wage policy is the result of a compromise between the parties immediately concerned, meeting in legally authorized assemblies.

Conflict Not Eliminated.

This organization of German industry, in its present guise, comprises not a union, but a new technique in administration. It does not eliminate conflicts in interests, but gives them ventilation. It makes it possible for those most vitally concerned in questions to pass on them first hand.

An episode illustrating this is the vote in the economic parliament on the licensing of the National Cash Register Company to build factories in Germany and to import for them certain tools which might have been purchased here. The ministry of economics refused the license; the case was appealed to the economic parliament.

All German manufacturers immediately interested, and the National Cash Register Company, were summoned to a hearing, as before a court. The Krupp Company, now constructing cash registers, together with manufacturers of tools such as the Americans wished to import, were the chief defendants. Hans Kraemer, vice-president of the parliament, presided.

The American representative took the stand and was cross-examined as to the intentions of his company. Would it employ German labor? Yes. Would it use German equipment? Yes. Would it undermine the market of German machines? No; and the American stated his reasons. Why did the Americans wish to bring over their own tools, and what bearing would their so doing have on the advantage to Germany of the project as a whole?

The German manufacturers made their plea. Mr. Patterson, the head of the American company, said one had signed a manifesto during the war denouncing the Germans.

"This is no question of politics," remarked Herr Kraemer, and ruled out the argument.

The Germans opened their books and showed just how much injury they must suffer if the Americans were admitted. But the committee in the end found that German industry would be more benefited than damaged, and so voted. A step had been taken toward a new diplomacy in the business world.

The article of this series to be published to-morrow will deal with the relations of politics and labor.

COSTA RICA ORDERS RETURN OF TROOPS

Immediate Withdrawal of Forces From Disputed Territory Is Directed.

WASHINGTON, March 7.—Orders have been issued by the Costa Rican Government for immediate withdrawal of its forces from the disputed territory beyond the Sixaola River and for no further advance by its forces on the Pacific side of the Panama-Costa Rican boundary. Dr. Octavio Beeche, Costa Rican Minister here, to-night informed the State Department.

The information which was imparted in a note handed to the State Department by Dr. Beeche, acting on instructions from the Costa Rican Secretary of State for Foreign Affairs, was interpreted here as meeting completely the demands of the United States, as embodied in a note dispatched to the Central American republic last Saturday by Secretary Hughes.

No reply so far as could be learned to-night had been received by the State Department from Panama, to whom Secretary Hughes sent a note identical with that transmitted to Costa Rica.

The Costa Rican Government in its reply also pledged itself to respect the boundary line fixed between its territory and that of Panama by Chief Justice White of the United States Supreme Court.

By the Associated Press.

PANAMA, March 7.—The retirement of the Costa Rican forces from the Guabito-Almirante region is reported this evening. With the retirement completed on the Atlantic side and the Panamanian forces reoccupying Coto on the Pacific side the situation would return to the position prevailing before the first incursion of the Costa Ricans into the Coto district. Such a procedure would eliminate the necessity of outside intervention and make possible peaceable boundary negotiations, since neither side has declared war.

The Foreign Relations Office gave out this evening the Government's replies to the notes of former Secretary of State Colby of March 3 and Secretary of State Hughes on March 7. Replying to the Colby message the Government says that the note apparently implies acceptance by Panama of Justice White's boundary decision as preliminary to final agreement with Costa Rica.

Should acceptance of such a condition be essential to peaceful north American mediation, the reply continues, such mediation would be a moral, legal and constitutional impossibility. Reiteration of Panama's non-acceptance of the White decision is included in the reply.

IRELAND READY FOR PEACE OF JUSTICE

Eamonn de Valera Publishes Manifesto Urging Self-Determination.

By the Associated Press.

DUBLIN, March 7.—The long awaited manifesto by Eamonn de Valera, the Irish Republican leader, was issued this evening through the Sinn Féin publicity department. It is signed by De Valera and almost all the other members of the Dail Eireann, including Arthur Griffith and several men at present in jail. The manifesto recites the circumstances culminating in the declaration of the establishment of the Irish Republic. "This is a legitimate application of the principle of national self-determination," it declares.

"This was met by the British Government with immediate and murderous exercise of brutal force. The terror of the regulars could not be relied on to carry it out. Ex-convicts and degenerates from the trenches could be depended upon to have few qualms in dealing with the victims, and a special force of these hands was accordingly embodied."

The manifesto declares that the Irish people claim self-determination, and concludes: "We, their official spokesmen and their elected parliament, call upon mankind to witness that our people have ever been ready to welcome peace with England that has a just basis. No other basis of peace is possible. We have pledged ourselves and people, faithful to the cause until death. You representatives of sister nations cannot be insensible to this issue."

PROPOSE TO ABOLISH CHIEF SECRETARY

LONDON, March 7.—During the course of a debate on Ireland in the House of Commons to-day several Independent Unionists suggested the complete elimination of the Chief Secretary for Ireland and of Dublin Castle from the Irish administration and the placing of all the crown forces, including the constabulary, under the sole command of the commander in chief in Ireland, so as to make clear the issue between the British crown and the Irish insurgents.

Sir Hamar Greenwood, Chief Secretary for Ireland, admitted that the suggestion had made a great impression upon him, and he promised to recommend it to the consideration of the Cabinet. The Chief Secretary added that he would willingly offer himself if by doing so it would mean the attainment of a higher standard of discipline in Ireland.

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